



## Fact Sheet

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Foreign Agricultural Service  
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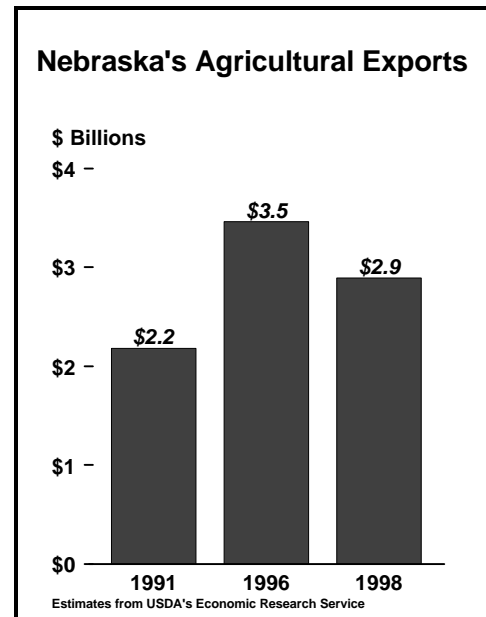
### *Permanent Normal Trade Relations with China* **What's at Stake for Nebraska?**

Nebraska is one of the leading producers of agricultural products and a major exporter. The state's farm cash receipts totaled \$8.8 billion in 1998. As for exports, Nebraska ranked fifth among all 50 states, with the value of agricultural products leaving the state estimated at \$2.9 billion in 1998. These exports help boost farm prices and income, while supporting jobs both on and off the farm in food processing, storage, and transportation.

#### **Trade Benefits**

The following key products are important to Nebraska, and expected to reap some of the largest export gains from China's accession to the World Trade Organization (WTO).

# **Beef**—With the nation's second largest cattle industry, Nebraska's live animal and red meat exports worldwide were estimated at \$828 million in 1998. China currently imports very little beef, but income growth and rising demand from urban centers are expected to result in significantly increased demand for imports. Under its WTO accession agreement, China will lower its tariff from 45 percent to 12 percent on frozen beef and from 45 percent to 25 percent on chilled beef by 2004. Tariffs on variety meats will be lowered from 20 percent to 12 percent. There will be no quantity limits at these tariff levels. As a result of the 1999 U.S.-China bilateral agreement, China agreed to accept all beef from the United States that is accompanied by a USDA certificate of wholesomeness.



# **Feed Grains**—As the nation's third largest feed grains producer, Nebraska's feed grains and product exports worldwide were estimated at \$779 million in 1998. China's grain policies are becoming more market-oriented and its WTO accession commitments will speed up this process, opening up real long-term opportunities for foreign grain suppliers. China committed to a nominal 1-percent tariff on all grains imported within a tariff-rate quota (TRQ). The TRQ on corn will be initially set at 4.5 million metric tons and grow to 7.2 million metric tons by 2004. Private traders will be permitted to handle 25 percent of imports under the TRQ, growing to 40 percent. In 1998, China imported less than 250,000 metric tons of corn from all countries. China's commitment to end export subsidies will reduce its price competitiveness for corn in other markets.

# **Soybeans and Products**—Nebraska's soybeans and product exports worldwide were estimated at \$482 million in 1998. China is the world's largest growth market for soybeans and products, and has taken important steps under its WTO accession agreement to open its market to these

products. Tariffs will be bound at a low 3 percent on soybeans and 5 percent on soybean meal with no quota limits. For soybean oil, the tariff will drop to 9 percent, and the tariff-rate quota and state trading will be eliminated by 2006.

# **Pork**--China consumes far more pork than any other country, but its trade barriers have effectively closed its market to imports. Under its WTO accession agreement, China will cut its tariff on frozen pork cuts and offal from 20 percent to 12 percent by 2004. There will be no quantity limits at these tariff levels. As a result of the 1999 U.S.-China bilateral agreement, China agreed to accept all pork from the United States that is certified wholesome by USDA.